

Asrock (3515.TW/3515 TT)

Server demand to be key sales growth driver

Outperform · Maintained

Price as of September 3 (NT\$)	205.5
12M target price (NT\$)	270.0
Previous target price (NT\$)	270.0
Unchanged (%)	0.0
Upside (%)	31.4

Key message

- 3Q24F sales will be stronger than expected, driven by higher server sales.
- The peak season for consumer products and server sales will drive 2H24F sales growth, but IPC demand is sluggish.
- Server sales will be the key sales driver in 2024-25F, on higher AI shipments.

Trading data

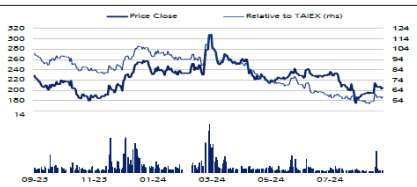
Mkt cap (NT\$/bn/US\$m)	25.47 / 794
Outstanding shares (mn)	123.9
Foreign ownership (mn)	9.63
3M avg. daily trading (mn)	0.57
52-week trading range (NT\$)	175.0 –308.5

Performance	3M	6M	12M
Absolute (%)	-15.3	-26.2	-9.5
Relative (%)	-17.9	-42.9	-42.2

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2022	5.00A	2.02A	1.46A	0.19A
2023	1.03A	1.30A	2.53A	2.68A
2024	2.53A	2.17A	2.89F	3.31F

Share price chart



Source: TEJ

Event

3Q24F sales may be better than our previous forecast, on stronger server sales. Server sales and the peak season for consumer products will drive 2H24F sales and earnings growth.

Impact

We revise up our 3Q24F sales forecast. Asrock's July sales grew 53% YoY and 16% MoM to NT\$1,992mn, driven by consumer product and server sales. Server sales through subsidiary Asrock Rack (TW; unlisted) grew 16% MoM, driven by solid general server demand and small volume AI server sales. IPC sales were down 28% MoM due to lukewarm demand, though inventory levels were healthier. Management guides 3Q24F sales to grow QoQ, during the peak season for motherboard and graphics card sales. With stronger-than-expected server sales, driven by general server demand and early pull-in for AI servers, we forecast 3Q24F sales to grow by 19% QoQ to NT\$62.2mn. Due to general server sales beating our forecast, we revise up our 3Q24F gross margin to 22%, a drop QoQ due to margin dilution from AI server sales. As a result, we revise up 3Q24F EPS to NT\$2.89, up 33% QoQ.

Server sales growth in 2024-25F. Asrock guides motherboard sales to grow in 2H24F on the peak season, especially in 4Q24F, after new product launches for Intel (US) and AMD (US) platforms in late-3Q24F, resulting in higher motherboard sales YoY in 2024F. Graphics cards sales growth will outperform motherboard sales growth YoY in 2024F, on stable demand. Recent hype surrounding "Black Myth: Wukong" has boosted Chinese demand, where Asrock has a small market share, but once the game's popularity expands globally, this will benefit Asrock's graphics card sales, especially for high-end models. AMD will launch new RX 8000 series GPUs in 1Q25F, which will drive graphics card replacement demand in 2025F. However, IPC sales will be weaker than expected on sluggish demand, and IPC sales may grow only slightly YoY this year. IPC sales will see a more significant recovery in 2025F, following the ramp up of new system projects. To reflect stronger general server demand, we revise up our 2024F server sales forecast, while AI server shipments may offer potential sales upside, causing servers to have the strongest sales growth among all product lines in 2024F. We forecast the firm's server sales weighting to expand from 29% in 2024F to 38% in 2025F. We revise up our 2H24F sales and margins forecast, but with lower-than-expected 2Q24 earnings, we maintain our 2024F EPS at NT\$10.9, up 45% YoY. Our 2025F EPS is NT\$13.62, up 25% YoY.

Valuation & Action

We maintain our Outperform rating and target price at NT\$270, based on 22x 2024-25F average EPS. We think stronger sales in 3Q24F will be a near-term valuation catalyst.

Risks

Delayed shipments of server projects, weak graphics card and motherboard demand.

Key financials and valuations

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Revenue (NT\$m)	19,763	17,121	18,992	22,736	27,990
Gross profit (NT\$m)	5,564	3,701	3,830	4,915	5,876
Operating profit (NT\$m)	3,058	1,185	1,147	1,741	2,338
Net profit (NT\$m)	2,381	1,066	919	1,326	1,656
EPS (NT\$)	19.67	8.69	7.54	10.90	13.62
Cash DPS (NT\$)	13.00	8.00	6.90	9.81	12.26
EPS growth (%)	74.1	(55.8)	(13.2)	44.6	24.9
PE (x)	10.4	23.6	27.3	18.9	15.1
PB (x)	3.1	3.1	3.1	3.0	3.0
EV/EBITDA (x)	7.7	18.5	18.1	12.1	9.8
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	6.3	3.9	3.4	4.8	6.0
Return on average equity (%)	31.4	13.0	11.3	16.2	19.9

Source: Company data; KGI Research estimates

2Q24 EPS miss. 2Q24 EPS grew 67% YoY but fell 14% QoQ to NT\$2.17, lower than our forecast and consensus by 10-15%, due to higher minority accounting considerations regarding subsidiary Asrock Rack. 2Q24 sales grew 6% QoQ to NT\$5,224mn. The IPC sales weighting grew QoQ to 8-9%, and the server sales weighting expanded from 16-17% in 1Q24 to 32-33% in 2Q24 on solid general server demand, resulting in a favorable product mix. Due to reversals of inventory write-downs, accounting for 0.5% of 2Q24 sales, 2Q24 gross margin of 22.5% was ahead of our forecast by 1.3ppts. Despite higher-than-expected R&D expenses for server products and advertising costs, 2Q24 operating margin of 7.3% was still above our forecast and consensus. However, due to a higher minority accounting adjustments for Asrock Rack (57.3% of stake), 2Q24 EPS was shy of our forecast.

Figure 1: Breakdown of 2Q24 results & 3Q24 forecast revisions vs. consensus

NT\$m	2Q24								3Q24F					
	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	5,224	5,176	0.9	5.5	27.8	5,185	0.8	6,217	5,538	12.3	19.0	26.8	6,106	1.8
Gross profits	1,178	1,097	7.4	16.4	43.5	1,091	7.9	1,368	1,163	17.6	16.1	38.7	1,349	1.4
Operating income	379	368	3.1	26.2	163.0	358	5.9	510	454	12.3	34.6	79.9	479	6.4
Pretax Income	447	419	6.8	4.9	109.8	389	15.1	569	495	14.9	27.1	51.7	522	8.9
Net income	264	311	(15.1)	(14.2)	67.2	295	(10.5)	351	341	3.0	33.0	13.7	303	15.9
EPS (NT\$)	2.17	2.56	(15.1)	(14.2)	67.2	2.43	(10.5)	2.89	2.80	3.0	33.0	14.2	2.49	15.9
Gross margin (%)	22.5	21.2	1.3 ppts	2.1 ppts	2.5 ppts	21.1	1.5 ppts	22.0	21.0	1.0 ppts	(0.5)ppts	1.9 ppts	22.1	(0.1)ppts
OP margin (%)	7.3	7.1	0.2 ppts	1.2 ppts	3.7 ppts	6.9	0.4 ppts	8.2	8.2	0.0 ppts	0.9 ppts	2.4 ppts	7.8	0.4 ppts
Net margin (%)	5.1	6.0	(1.0)ppts	(1.2)ppts	1.2 ppts	5.7	(0.6)ppts	5.7	6.2	(0.5)ppts	0.6 ppts	(0.7)ppts	5.0	0.7 ppts

Source: Bloomberg; KGI Research estimates

Figure 2: Breakdown of 2024-25 forecast revisions vs. consensus

NT\$m	2024F						2025F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	22,736	22,037	3.2	19.7	22,710	0.1	27,990	27,765	0.8	23.1	26,742	4.7
Gross profits	4,915	4,597	6.9	28.3	4,951	(0.7)	5,876	5,733	2.5	19.5	5,750	2.2
Operating income	1,741	1,650	5.5	51.7	1,733	0.4	2,338	2,210	5.8	34.3	2,061	13.5
Pretax Income	2,046	1,902	7.6	68.0	2,015	1.5	2,561	2,380	7.6	25.2	2,234	14.7
Net income	1,326	1,326	(0.0)	44.3	1,326	(0.0)	1,656	1,657	(0.0)	24.9	1,486	11.5
EPS (NT\$)	10.90	10.90	(0.0)	44.6	10.90	(0.0)	13.62	13.62	(0.0)	24.9	12.22	11.5
Gross margin (%)	21.6	20.9	0.8 ppts	1.5 ppts	21.8	(0.2)ppts	21.0	20.6	0.3 ppts	(0.6)ppts	21.5	(0.5)ppts
OP margin (%)	7.7	7.5	0.2 ppts	1.6 ppts	7.6	0.0 ppts	8.4	8.0	0.4 ppts	0.7 ppts	7.7	0.6 ppts
Net margin (%)	5.8	6.0	(0.2)ppts	1.0 ppts	5.8	(0.0)ppts	5.9	6.0	(0.0)ppts	0.1 ppts	5.6	0.4 ppts

Source: Bloomberg; KGI Research estimates

Figure 3: Asrock sales breakdown by product

Sales (NT\$mn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24F	3Q24F	4Q24F	2021	2022	2023	2024F	2025F
MB	2,206	2,128	2,258	2,409	2,276	2,048	2,212	2,555	8,413	7,488	9,001	9,091	9,455
IPC	362	327	335	361	362	438	359	297	1,242	1,964	1,386	1,456	1,674
Server	417	507	648	1,164	819	1,697	2,342	1,710	3,165	3,205	2,737	6,568	10,508
Others	1,410	1,124	1,661	1,673	1,496	1,042	1,305	1,779	6,943	4,464	5,868	5,622	6,353
Total	4,395	4,087	4,902	5,608	4,953	5,224	6,217	6,341	19,763	17,121	18,992	22,736	27,990
YoY growth (%)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24F	3Q24F	4Q24F	2021	2022	2023	2024F	2025F
MB	14	52	33	(2)	3	(4)	(2)	6	(14)	(11)	20	1	4
IPC	(21)	(45)	(37)	(3)	(0)	34	7	(18)	26	58	(29)	5	15
Server	(37)	(26)	(18)	9	97	234	261	47	(26)	1	(15)	140	60
Others	(29)	20	204	217	6	(7)	(21)	6	138	(36)	31	(4)	13
Total	(13)	13	37	14	13	28	27	13	10	(13)	11	20	23
QoQ growth (%)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24F	3Q24F	4Q24F	2021	2022	2023	2024F	2025F
MB	(11)	(4)	6	7	(6)	(10)	8	16					
IPC	(2)	(10)	2	8	0	21	(18)	(17)					
Server	(61)	22	28	80	(30)	107	38	(27)					
Others	167	(20)	48	1	(11)	(30)	25	36					
Total	(10)	(7)	20	14	(12)	5	19	2					
Sales weighting (%)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24F	3Q24F	4Q24F	2021	2022	2023	2024F	2025F
MB	50	52	46	43	46	39	36	40	43	44	47	40	34
IPC	8	8	7	6	7	8	6	5	6	11	7	6	6
Server	9	12	13	21	17	32	38	27	16	19	14	29	38
Others	32	27	34	30	30	20	21	28	35	26	31	25	23
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: Company data; KGI Research estimates

Figure 4: AMD's GPU engine specs – New GPU launches in 1Q25F

	RX 7600	RX 7600 XT	RX 7700 XT	RX 7800 XT	RX 7900 XT	RX 7900 XTX	RX 8000 series
GPU Engine Specs	Navi 33	Navi 33	Navi 32	Navi 32	Navi 31	Navi 31	Navi 44 / 48
Process	6 nm	6 nm	5nm	5nm	5nm	5nm	4nm
GPU Architecture	RDNA 3	RDNA 3	RDNA 3	RDNA 3	RDNA 3	RDNA 3	RDNA 4
GPU Cores	2048	2048	3456	3840	5376	6144	
Boost Clock (MHz)	2655	2755	2544	2430	2394	2499	
Base Clock (MHz)	1720	1720	1700	1295	1500	1855	
Memory Specs							
Memory Speed	18Gbps	18Gbps	18Gbps	19.5Gbps	20Gbps	20Gbps	
Standard Memory Config	8G GDDR6	16G GDDR6	12G GDDR6	16G GDDR6	20G GDDR6	24G GDDR6	GDDR6?
Memory Interface Width	128-bit	128-bit	192-bit	256-bit	320-bit	384-bit	
Memory Bandwidth (GB/sec)	288	288	432	624	800	960	
Thermal and Power Specs							
Graphics Card Power (W)	165	190	245	263	300	355	
Supplementary Power Connectors	8 pin	8 pin+ 8 pin	8 pin+ 8 pin	8 pin+ 8 pin	8 pin+ 8 pin	8 pin+ 8 pin	
Launch date	May 24, 2023	Jan 8, 2024	Aug 25, 2023	Aug 25, 2023	Nov 3, 2022	Nov 3, 2022	2025F
Availability	May 25, 2023	Jan 24, 2024	Sep 6, 2023	Sep 6, 2023	Dec 13, 2022	Dec 13, 2022	
Launch price (US\$)	269	329	449	499	899	999	

Source: Company data; KGI Research

Figure 5: Asrock showcased an Nvidia GB200 NVL72 rack & B100 GPU servers at Computex



Source: Asrock; KGI Research

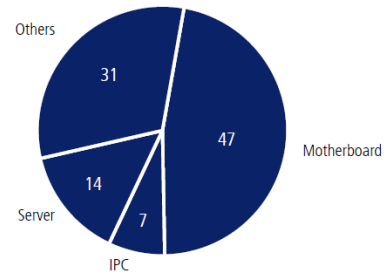
Figure 6: Company profile

Asrock was established in 2002 as a subsidiary of Asustek. In 2008, when Pegatron was spun-off from Asustek, Asrock became a subsidiary of Pegatron. The company's core products are basic motherboards and graphics cards under the Asrock brand. In 2011, the firm expanded into the IPC market, and in 2013, further expanded into the server business under subsidiary ASRock Rack. 2023 sales mix was 46-47% motherboards, 14-15% servers, 8% IPC 7-, and 31-32% others (including graphics cards).

Source: KGI Research

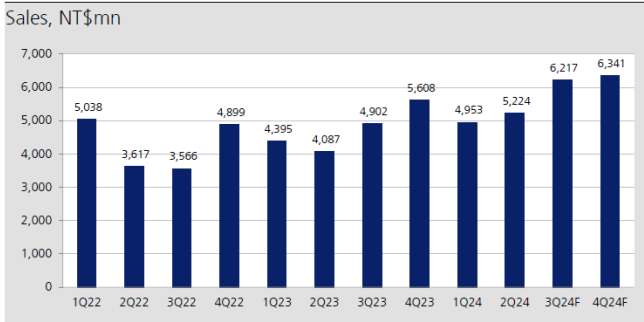
Figure 7: Motherboards account for the bulk of sales

Sales weighting in 2023, percent



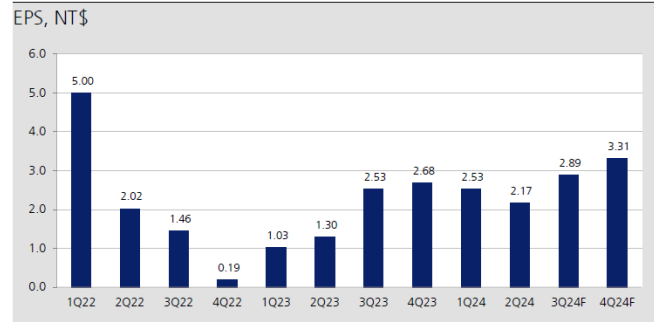
Source: KGI Research

Figure 8: Sales



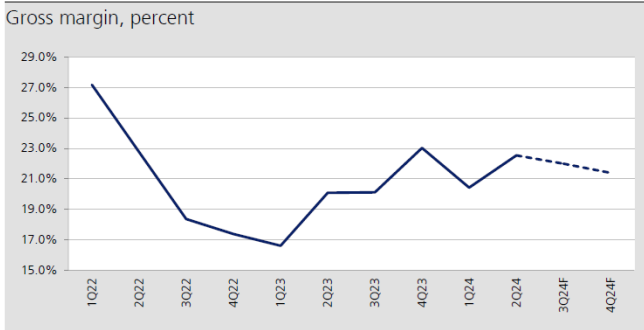
Source: KGI Research

Figure 9: EPS



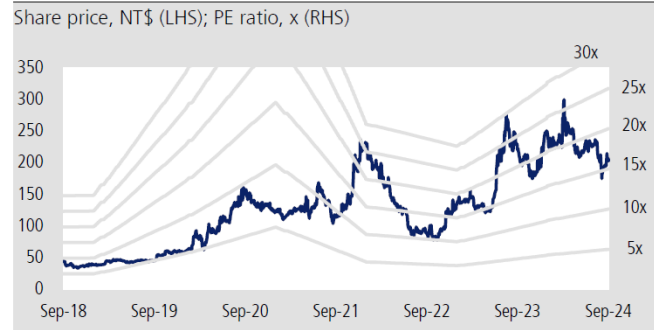
Source: KGI Research

Figure 10: Gross Margin



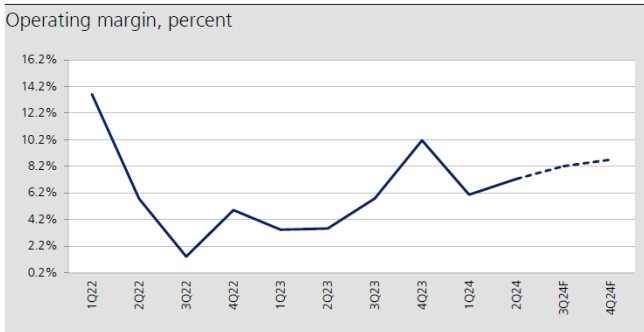
Source: KGI Research

Figure 11: 12M forward PE band



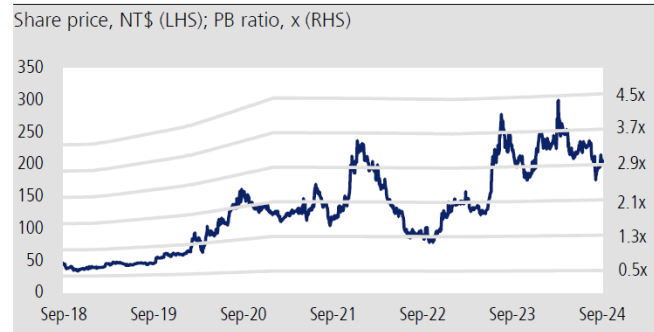
Source: TEJ; KGI Research estimates

Figure 12: Operating Margin



Source: KGI Research

Figure 13: 12M forward PB band



Source: TEJ; KGI Research estimates

Income statement

	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23A	Dec-23A	Mar-24A	Jun-24A	Sep-24F	Dec-24F	Dec-23A	Dec-24F	Dec-25F
Income statement (NT\$m)											
Revenue	4,395	4,087	4,902	5,608	4,953	5,224	6,217	6,341	18,992	22,736	27,990
Cost of goods sold	(3,665)	(3,265)	(3,916)	(4,316)	(3,941)	(4,046)	(4,849)	(4,984)	(15,162)	(17,821)	(22,114)
Gross profit	730	821	986	1,292	1,012	1,178	1,368	1,357	3,830	4,915	5,876
Operating expenses	(579)	(677)	(703)	(723)	(712)	(799)	(858)	(805)	(2,682)	(3,174)	(3,537)
Operating profit	151	144	283	569	300	379	510	552	1,147	1,741	2,338
Depreciation of fixed assets	(45)	(45)	(44)	(45)	(44)	(45)	(72)	(126)	(179)	(287)	(296)
Amortisation of intangible assets	(2)	(2)	(3)	(4)	(4)	(4)	(4)	(2)	(13)	(14)	(14)
EBITDA	198	191	331	618	348	428	585	680	1,338	2,042	2,649
Interest income	25	25	29	47	38	41	40	42	127	160	147
Investment income	-	-	-	-	-	-	-	-	-	-	-
Other non-op income	15	46	63	-	90	29	20	12	124	150	100
Non-operating income	41	71	92	47	127	69	60	53	251	310	247
Interest expense	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(2)	(5)	(4)	(4)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	(31)	-	-	(143)	-	-	-	-	(175)	-	(20)
Non-operating expenses	(34)	(2)	(1)	(144)	(1)	(1)	(1)	(2)	(180)	(4)	(24)
Pre-tax profit	158	213	375	472	427	447	569	603	1,218	2,046	2,561
Current taxation	(50)	(55)	(52)	(84)	(80)	(100)	(119)	(116)	(240)	(415)	(520)
Minorities	17	(0)	(14)	(61)	(38)	(84)	(98)	(85)	(59)	(305)	(385)
Normalised net profit	125	158	309	327	308	264	351	402	919	1,326	1,656
Extraordinary items	0	0	(0)	(0)	-	(0)	-	0	-	-	-
Net profit	125	158	309	327	308	264	351	402	919	1,326	1,656
EPS (NT\$)	1.03	1.30	2.53	2.68	2.53	2.17	2.89	3.31	7.54	10.90	13.62
Margins (%)											
Gross profit margin	16.6	20.1	20.1	23.0	20.4	22.5	22.0	21.4	20.2	21.6	21.0
Operating margin	3.4	3.5	5.8	10.1	6.1	7.3	8.2	8.7	6.0	7.7	8.4
EBITDA margin	4.5	4.7	6.8	11.0	7.0	8.2	9.4	10.7	7.0	9.0	9.5
Pretax profit margin	3.6	5.2	7.6	8.4	8.6	8.6	9.1	9.5	6.4	9.0	9.2
Net profit margin	2.8	3.9	6.3	5.8	6.2	5.1	5.7	6.3	4.8	5.8	5.9
Sequential growth (%)											
Revenue growth	(10.3)	(7.0)	20.0	14.4	(11.7)	5.5	19.0	2.0			
Gross profit growth	(14.2)	12.5	20.1	31.0	(21.7)	16.4	16.1	(0.8)			
Operating profit growth	(37.2)	(4.5)	96.8	100.7	(47.2)	26.2	34.6	8.2			
EBITDA growth	(30.0)	(3.4)	73.2	86.5	(43.6)	22.8	36.8	16.3			
Pretax profit growth	79.9	35.0	75.7	25.9	(9.6)	4.9	27.1	6.1			
Net profit growth	436.2	26.3	95.5	5.9	(5.8)	(14.2)	33.0	14.5			
YoY growth (%)											
Revenue growth	(12.8)	13.0	37.5	14.5	12.7	27.8	26.8	13.1	10.9	19.7	23.1
Gross profit growth	(46.7)	(0.3)	50.6	51.7	38.6	43.5	38.7	5.1	3.5	28.3	19.5
Operating profit growth	(78.0)	(30.9)	462.0	136.8	99.0	163.0	79.9	(3.0)	(3.2)	51.7	34.3
EBITDA growth	(72.2)	(20.2)	286.3	118.4	75.9	123.6	76.6	10.1	1.4	52.6	29.7
Pretax profit growth	(79.9)	(31.5)	51.9	437.1	169.9	109.8	51.7	27.9	(14.9)	68.0	25.2
Net profit growth	(79.7)	(36.5)	72.1	1302.4	146.3	67.2	13.7	23.0	(13.8)	44.3	24.9

Source: Company data; KGI Research estimates

Balance sheet

NT\$m	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Total assets	15,894	14,768	14,375	16,017	17,859
Current assets	15,423	13,994	13,553	15,457	17,569
Cash & ST securities	3,490	3,927	4,921	5,368	5,112
Inventory	9,719	8,010	6,376	7,547	9,391
Accounts receivable	1,896	1,633	1,950	2,236	2,761
Other current assets	317	423	305	305	305
Non-current assets	471	774	823	561	290
LT investments	2	2	23	23	23
Net fixed assets	242	462	351	89	(182)
Other assets	227	310	449	449	449
Total liabilities	7,105	5,874	5,492	6,697	7,987
Current liabilities	7,014	5,814	5,380	6,585	7,876
Accounts payable	4,457	3,003	3,215	4,066	5,059
Interest bearing ST liabilities	-	625	-	-	-
Other current liabilities	2,557	2,186	2,165	2,519	2,816
Non-current liabilities	92	60	112	112	112
Long-term debt	-	-	-	-	-
Other L-T liabilities	43	20	30	30	30
Total equity	8,789	8,894	8,883	9,321	9,871
Share capital	1,229	1,220	1,216	1,216	1,216
Retained earnings reserve	2,628	1,773	2,028	2,161	2,327
Minority interests	518	702	760	1,065	1,450
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Growth					
Revenue growth	10.3%	(13.4%)	10.9%	19.7%	23.1%
Operating profit growth	64.6%	(61.2%)	(3.2%)	51.7%	34.3%
EBITDA growth	62.7%	(58.1%)	1.4%	52.6%	29.7%
Net profit growth	74.7%	(55.2%)	(13.8%)	44.3%	24.9%
EPS growth	74.1%	(55.8%)	(13.2%)	44.6%	24.9%
Profitability					
Gross profit margin	28.2%	21.6%	20.2%	21.6%	21.0%
Operating margin	15.5%	6.9%	6.0%	7.7%	8.4%
EBITDA margin	15.9%	7.7%	7.0%	9.0%	9.5%
Net profit margin	12.0%	6.2%	4.8%	5.8%	5.9%
Return on average assets	17.2%	7.0%	6.3%	8.7%	9.8%
Return on average equity	31.4%	13.0%	11.3%	16.2%	19.9%
Stability					
Gross debt to equity	0.0%	7.0%	0.0%	0.0%	0.0%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	3,816.4	123.2	227.8	479.6	601.8
Interest & ST debt coverage (x)	1.0	0.7	1.0	1.0	1.0
Cash flow interest coverage(x)	1,277.2	97.5	491.0	238.6	138.8
Cash flow/int. & ST debt (x)	1,277.2	1.8	491.0	238.6	138.8
Current ratio (x)	2.2	2.4	2.5	2.3	2.2
Quick ratio (x)	0.8	1.0	1.3	1.2	1.0
Net debt (NT\$m)	(2,214)	(2,963)	(3,046)	(3,493)	(3,237)
Per share data					
EPS (NT\$)	19.67	8.69	7.54	10.90	13.62
CFPS (NT\$)	8.46	9.30	21.63	8.39	4.87
BVPS (NT\$)	67.29	67.15	66.78	67.87	69.23
Adj BVPS (NT\$)	68.33	66.77	66.65	67.87	69.23
SPS (NT\$)	163.26	139.54	155.82	186.92	230.12
EBITDA/share (NT\$)	26.02	10.75	10.98	16.79	21.78
Cash DPS (NT\$)	13.00	8.00	6.90	9.81	12.26
Activity					
Sales / avg assets	1.43	1.12	1.30	1.50	1.65
Days receivable	35.0	34.8	37.5	36.0	36.0
Days inventory	249.9	217.9	153.5	155.0	155.0
Days payable	114.6	81.7	77.4	83.5	83.5
Cash cycle	170.3	171.0	113.6	107.5	107.5

Source: Company data; KGI Research estimates

Profit & loss

NT\$m	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Revenue	19,763	17,121	18,992	22,736	27,990
Cost of goods sold	(14,199)	(13,420)	(15,162)	(17,821)	(22,114)
Gross profit	5,564	3,701	3,830	4,915	5,876
Operating expenses	(2,506)	(2,516)	(2,682)	(3,174)	(3,537)
Operating profit	3,058	1,185	1,147	1,741	2,338
Non-operating income	62	425	251	310	247
Interest income	13	33	127	160	147
Investment income	-	-	-	-	-
Other non-op income	49	392	124	150	100
Non-operating expenses	(60)	(180)	(180)	(4)	(24)
Interest expense	(1)	(12)	(5)	(4)	(4)
Investment loss	-	-	-	-	-
Other non-op expenses	(59)	(168)	(175)	-	(20)
Pre-tax profit	3,060	1,431	1,218	2,046	2,561
Current taxation	(600)	(204)	(240)	(415)	(520)
Minorities	(79)	(161)	(59)	(305)	(385)
Extraordinary items	-	(0)	0	-	-
Net profit	2,381	1,066	919	1,326	1,656
EBITDA	3,150	1,320	1,338	2,042	2,649
EPS (NT\$)	19.67	8.69	7.54	10.90	13.62

Cash flow

NT\$m	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Operations cash flow	1,024	1,141	2,636	1,020	592
Net profit	2,381	1,066	919	1,326	1,656
Depreciation & amortisation	92	134	191	301	310
Decrease in working capital	(2,410)	326	1,516	(607)	(1,375)
Other operating cash flow	961	(385)	10	0	-
Investing cash flow	(517)	869	(1,497)	(39)	(39)
Sale of ST investment	(460)	940	(1,556)	-	-
New investments	-	-	-	-	-
Capital expenditure	(46)	(88)	(16)	(25)	(25)
Others investing cashflow	(11)	17	75	(14)	(14)
Free cash flow	86	1,381	2,599	1,042	760
Financing cash flow	(953)	(1,029)	(1,680)	(534)	(808)
Increase in short term debt	-	625	(625)	-	-
Increase in long term loans	-	-	-	-	-
New ordinary shares issued	23	-	-	-	-
Ordinary dividends paid	(965)	(1,611)	(1,081)	(839)	(1,193)
Other financing cashflow	(11)	(43)	26	305	385
Forex effects	(103)	393	(1)		
Total cash generated	(549)	1,374	(542)	447	(256)

ROIC

	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
1 - COGS/revenue					
- Operating exp./revenue	12.7%	14.7%	14.1%	14.0%	12.6%
= Operating margin	15.5%	6.9%	6.0%	7.7%	8.4%
1 / (Working capital/revenue	0.2	0.3	0.2	0.2	0.2
+ Net PPE/revenue	0.0	0.0	0.0	0.0	(0.0)
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	3.8	3.2	5.2	6.2	6.3
Operating margin	15.5%	6.9%	6.0%	7.7%	8.4%
x Capital turnover	3.8	3.2	5.2	6.2	6.3
x (1 - tax rate)	80.4%	85.7%	80.3%	79.7%	79.7%
= After-tax ROIC	47.3%	18.9%	25.2%	38.1%	41.9%

Source: Company data; KGI Research estimates

Asrock – Recommendation & target price history



Date	Rating	Target	Price
2024-06-13	Outperform	270.0	226.5
2024-05-02	Neutral	242.0	224.5
2024-03-19	Neutral	270.0	254.0
2023-12-15	Neutral	245.0	234.0
2023-09-13	Neutral	228.0	206.5
2023-07-14	Neutral	265.0	257.5
2023-06-09	Neutral	196.0	201.0

Source: TEJ; KGI Research

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